

Fiscal Impact Analysis

Alta Marlborough

Marlborough, MA

Mixed Use
Residential Development-Retail



FOUGERE PLANNING & DEVELOPMENT, Inc.

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FISCAL IMPACT ANALYSIS

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I. Introduction

Alta Marlborough, LLC is proposing a downtown redevelopment initiative involving both private and public properties that envisions construction of 276 apartment units along with 10,000 square feet of commercial space. Ten percent of the units, 26 total units, will be set aside as affordable. The subject site is a collection of 11 properties and a railroad spur that totals approximately 4.46 acres in total; fronting on Lincoln Street. Both surface spaces and a parking garage are proposed that will accommodate a total of 480 parking spaces. This fiscal impact report will analyze potential revenue streams to the City from the proposed development, along with potential effects to key City departments. Table One outlines the specific composition of the proposed apartment units.

Table One
Apartment Development Unit Profile

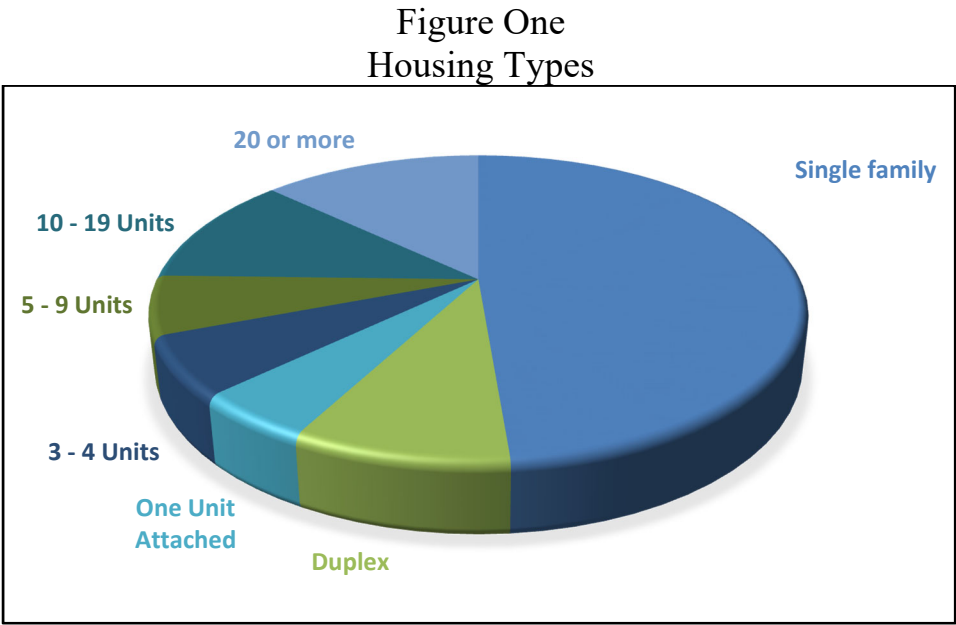
Bedroom Profile	# Units
One Bed Mkt.	145
One Bed Afford.	16
Two Bed. Mkt.	94
Two Bed Afford.	11
Three Bed Mkt.	9
Three Bed Afford.	1
Totals	276

This will be a private development with the owner maintaining all access ways and providing private trash disposal. The project will be served with both public water and sewer.

II. Local Trends

Census figures report that from 2000 to 2010 Marlborough’s population increased from 36,255 to 38,499, showing a 5.8 percent growth rate over the 10- year time period. The most recent population estimates from the US Census Bureau¹ report a population of 41,793 resulting in an 8.5% growth rate over the last 10 years.

A large percentage (47.5%) of Marlborough’s housing stock consists of single-family homes, with 2019 US Census data reporting 7,946 single family homes out of a total housing stock of 16,710 units; Figure One.

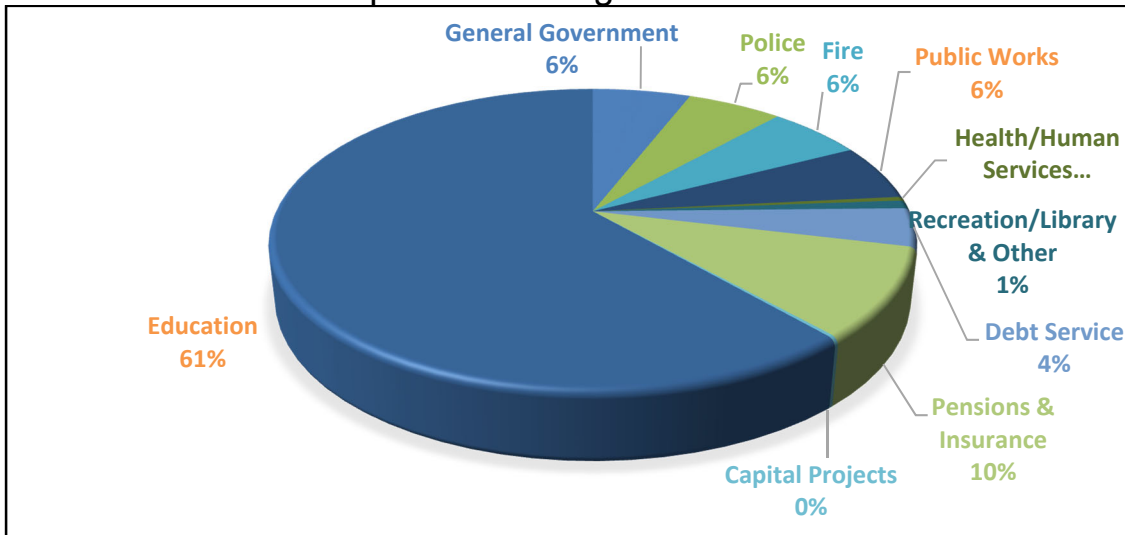


¹ 2020 US Census

III. Budget History

Marlborough's total FY22 General Fund operating budget is \$151,788,545. Public Safety and Education account for 73.1% of the total budget excluding enterprise funds. These departments have the largest number of personnel and the most direct impact on municipal expenditures. Given the large budgetary impacts these departments have on City finances, and the fact that these agencies will experience the most direct measurable impact from the proposed development, they are the primary focus of this Report.

Figure Two
Department Budget Allocation



IV. Fiscal Methodology Approach

There are a number of methodologies that are used to estimate fiscal impacts of proposed development projects. The Per Capita Multiplier Method is the most often used analysis to determine municipal cost allocation. This method is the classic “average” costing method for projecting the impact of population growth on local spending patterns and is used to establish the costs of existing services for a new development. The premise of this method is that current revenue/cost ratios per person and per unit are a potential indicator of future revenue/cost impacts occasioned by growth. New capital expenditures required for provision of services to a development are not added to current costs; instead, the present debt service

for previous improvements is included to represent ongoing capital projects. The advantage of this approach is its simplicity of implementation and its wide acceptance by both consultants and local officials. The downside of this approach is that the methodology calculates the “average” cost as being the expected cost, which is often not the case as costs are exaggerated significantly in some instances. (For example, if one student is added to a school system, limited cost impacts will occur; however based on an “average” cost to educate one student the cost could be noted as \$19,000/year, which includes such costs as existing debt, building maintenance, administrative and other factors, all of which will be minimally impacted by the addition of one student.)

The Marginal Cost Approach is a more realistic methodology that can be used to estimate and measure developmental impacts based on actual costs that occur in the community. At this time, there is an existing municipal “level of service” present in Marlborough to serve the community. This existing service level, for the most part, addresses the needs of the community through existing tax collections. As new development occurs, pressures are placed on some departments to address increased demands, while other departments experience negligible, if any, impacts. In reviewing the potentially impacted departments specifically, a more accurate picture of anticipated cost impacts can be determined. The Report will use both methodologies to estimate potential costs.

Given the nature of the proposed project, as will be shown by the analysis below, measurable impacts will be limited to a few City departments. Any required off-site traffic and roadway improvements are expected to be addressed during the approval processes. Solid waste generated by project will be removed by a private hauler. Water and sewer utility expenses associated with new uses will be offset through user fees. All on-site property improvements will be maintained privately. Measurable impacts of the redevelopment are expected to result to a few City departments, most notably the School Department, along with the Police and Fire Departments. Other City agencies are projected to experience little or no measurable impacts from the proposed development.

V. Local Revenues from Development

A) Property Taxes

Local property taxes provide the bulk of municipal revenues for the City of Marlborough which has a Residential tax rate of \$13.12 per \$1,000 valuation and the Commercial/Industrial tax rate of \$22.17. The proposed mixed use project will have both residential and commercial space.

Based on a review of the local apartment market and assessments of parking garages, we have estimated the apartment complex will have a project value of \$64,519,394 generating \$936,223 in annual residential property taxes as outlined in Table Two.

Property	Value	Units	Value/Unit
Orchard Apartments	\$37,140,150	156	\$238,078
Talia Apartments	\$51,252,000	225	\$227,787
Avana Marlborough	\$37,140,150	156	\$238,078
Average	\$125,532,300	537	\$233,766
Estimated Assessment Apts.		276	\$64,519,394
Proposed Garage	142,481 Sq. Ft.		\$48/ Sq. Ft.
Estimated Garage Assessment			\$6,839,088
Total Estimated Assessment			\$71,358,482
Estimated Property Taxes		\$13.12	\$936,223

Commercial space will be a component of the proposed development. Based on values of commercial space located near the subject site, an estimated \$29,533 in annual property taxes will be generated.

Commercial Property	Assessment	Bldg. Area	Assessment/Sq. Ft.
90 Broad Street	\$801,200	6,059	\$132.23
Planned Commercial Space	\$1,332,116	10,074	
Commercial Tax Rate	\$22.17		
Estimated Property Taxes	\$29,533		

As detailed in Table Four, total estimated property taxes from the proposed development program total \$965,756.

Table Four Total Estimated Property Taxes	
Estimated Apartment Taxes	\$936,223
Estimated Commercial Taxes	\$29,533
Total Estimated Property Taxes	\$965,756

Existing taxable properties that make up the subject site are presently assessed for \$1,747,000, generating \$38,730 in property taxes. The proposed redevelopment will increase property tax payments by 2,393%. Five of the subject site's properties are municipally owned and generate no tax revenue to Marlborough.

B) Miscellaneous Yearly Revenues

Motor Vehicle Excise Tax - Another major revenue source for the community is motor vehicle excise taxes. Table Five outlines projected vehicle excise taxes totaling \$95,400 from the proposed residential portion of the development.

Table Five Motor Vehicle Excise Tax		
# Cars ²	Value	Total Value
318	\$12,000	\$3,816,000
\$25 x \$3,816		\$95,400

C) Estimated Yearly Project Revenues

The proposed redevelopment project is estimated to generate a total of \$1,061,156 in annual local revenues from property taxes and excise taxes as detailed in Table Six.

Table Six Estimated Yearly Revenue	
Property Taxes	\$965,756
Excise Taxes	\$95,400
Total Revenues	\$1,061,156

² Average of 1.15 vehicles per unit.

Additional one-time payment revenues will also be realized as part of the development and these will be detailed further below.

VI. Municipal Service Costs

Given the nature of the proposed development project, as will be seen in the analysis below, measurable impacts will be limited to a few key City services including the school, police and fire departments. All onsite maintenance will be addressed by the property owner, including access ways and trash removal.

Department Impacts

Police & Fire

The Police and Fire Departments will both experience some increased demand for services from the proposed project. For fiscal year 2022 the Police and Fire Department budgets totaled \$17,590,781. To assess the degree of impact this project may have on these departments, comparable apartment complexes in Marlborough and retail space in the region were analyzed. These ratios were then totaled to derive an average call ratio per unit and per square foot, which was then used to generate projected emergency calls for each department. Extrapolating from the comparable call data, modest increases are projected in the City's Police and Fire Department call volume as detailed in Tables Seven & Eight.

Annual Police calls are projected to increase by 110 calls (less than 1% increase, or 2.1 calls per week). Fire Department calls are estimated to increase by 40 calls (less than 1% increase, or .76 calls per week) as summarized in Table Eight and Nine.

Table Seven
Projected Emergency Service Calls - Apartments

Project	Town	Units	Avg. Police Call Per Year	Avg. Call Per Unit	Projected Yearly Calls
Stonegate Apartments	Marlborough	332	162	0.488	
Orchard Apartments	Marlborough	156	73	0.468	
Avalon Apartments	Marlborough	350	74	0.211	
Totals		838	309	0.369	
Proposed Apartments		276			102

Project	Town	Units	Avg. Fire Call Per Year	Avg. Call Per Unit	Projected Yearly Calls
Stonegate Apartments	Marlborough	332	48	0.144	
Orchard Apartments	Marlborough	156	28	0.179	
Avalon Apartments	Marlborough	350	33	0.094	
Totals		838	109	0.130	
Proposed Apartments		276			36

Table Eight
Projected Emergency Service Calls – Commercial Space

Retail	Sq. Ft.	Police	Call/Sq. Ft	Fire	Call/Sq. Ft.
Retail Use Averages ³	311,674	251	0.0008	120	0.0004
Proposed Retail Calls	10,074	8		4	

Police Department

To assign a cost as a result of the increased demand for service, a number of options were reviewed including cost per call and cost per capita. Since emergency calls for service provides a clear measure of impact on the Department, this approach was used and results in an estimated annual impact of \$32,120 as outlined in Table Nine. This cost estimate is not inferring the Police Budget will increase as a result of the proposed development, but assigns a “cost” to account for this new land use in the community.

³ Retail call data from Shrewsbury and North Andover.

Table Nine
Police Department Impact

Department	FY 2022 Budget	Calls ⁴	Cost/call	Est. Calls	Annual Cost
Police	\$8,760,115	30,000	\$292	110	\$32,120

Fire Department

As with the Police Department, to account for potential impact from the proposed development a cost per call ratio was used, which generates an estimated annual cost of \$45,360 as outlined in Table Ten.

Table Ten
Fire Department Impact

Department	FY 2022 Budget	Avg. Calls Per Year	Cost/call	Est. Calls	Annual Cost
Fire	\$8,830,666	7,789	\$1,134	40	\$45,360

Other Departments/Revenues:

Building

Building Department costs were not included in this analysis because they are not permanent annual impacts and will be offset by building permit fees. At this time the building permit fee⁵ is estimated to total \$701,000.

Public Works

All drives within the development will be private and maintained by the complex owners. Solid waste will be handled by a private contractor with no expense incurred by the City.

⁴ Police Records.

⁵ Fee is \$10 per \$1,000 of construction costs as outlined in the Building Valuation Data Report (Marshall & Swift).

Other Departments

It is not anticipated that measurable impacts will occur to other City departments and therefore no other costs were analyzed. To be conservative, a \$35,360 cost⁶ will be carried to account for potential other impacts.

VII. School Department

The City of Marlborough public schools presently have an enrollment of 4,643 students housed in a Childhood Center and five schools (three elementary, one middle, and one high school) during the 2021/22 school year. The 2022 Public School budget was \$83,358,707.

Enrollment History

Since 2017 overall school enrollment has remained steady at both the elementary and high school levels, while middle school enrollments have increased as detailed in Table Eleven and Figure Three.

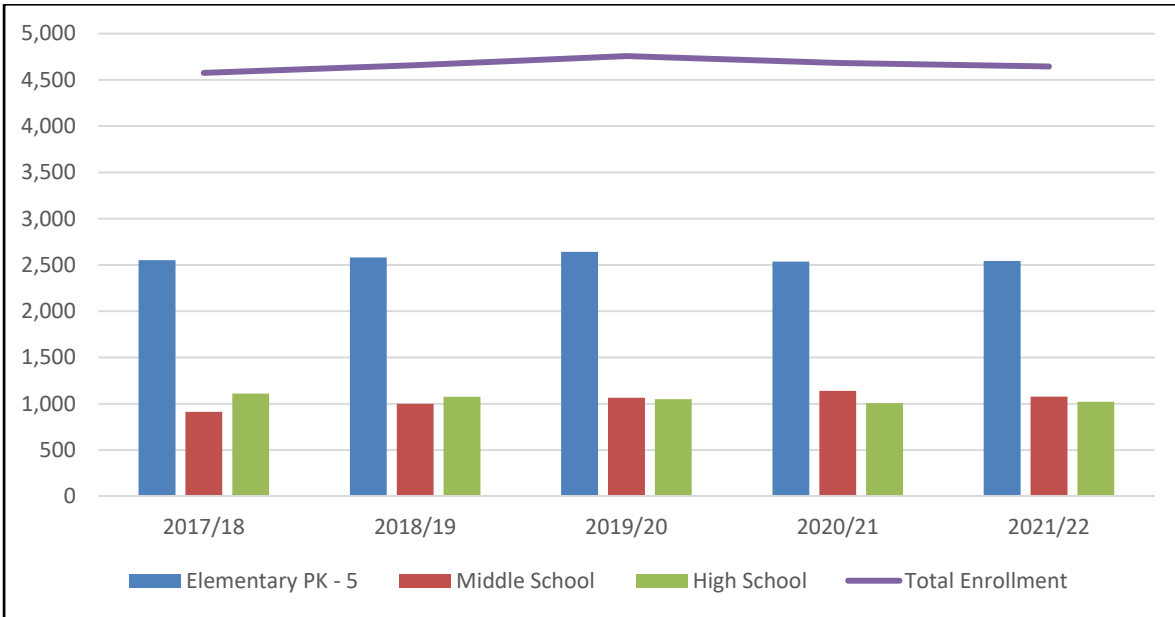
Table Eleven
Enrollment Trends 2017-2021

	2017/18	2018/19	2019/20	2020/21	2021/22
Elementary ⁷ PK - 5	2,552	2,582	2,642	2,537	2,544
Middle School	913	1,000	1,065	1,139	1,077
High School	1,110	1,075	1,050	1,006	1,022
Total Enrollment	4,575	4,657	4,757	4,682	4,643

⁶ Estimate \$110 per unit for the residential use and \$5,000 for the Lab space.

⁷

Figure Three
Enrollment Trends



Projected School Enrollment Estimates

To gain an understanding of the potential school related fiscal impact, the anticipated number of school children that may be generated by the proposed development was analyzed. The proposed apartment complex will have a mix of one, two and three bedrooms units as outlined in Table Twelve. Ten percent of the units will be set aside as affordable.

Table Twelve
Bedroom Mix Composition

Bedroom Profile	# Units
One Bed Mkt.	145
One Bed Afford.	16
Two Bed. Mkt.	94
Two Bed Afford.	11
Three Bed Mkt.	9
Three Bed Afford.	1
Totals	276

To estimate the number of school age children (SAC) that may live in the proposed apartment complex, Fougere Planning reviewed information from its own SAC

apartment database of over 1,000 units. This resource provides detailed SAC data by unit type (1-2-3 bedrooms) along with market v. affordable unit. In addition, data was obtained from the Avalon apartment complex which contains 473 units and based upon Marlborough School Department data, has 26 School age children living at this complex. Assigning these school age children to the two bedroom units, results in a two bedroom SAC ratio of .093; this local ratio is used here. These two data sources were combined to estimate the number of school children that may reside within proposed complex. As outlined in Table Thirteen, 25 SAC are estimated.

Table Thirteen
Estimated School Enrollments

Bedroom Profile	# Units	SAC Ratio	SAC
One Bed Mkt.	145	0.009	1.31
One Bed Afford.	16	0.021	0.34
Two Bed. Mkt.	94	0.093	8.74
Two Bed Afford.	11	0.570	6.27
Three Bed Mkt.	9	0.812	7.31
Three Bed Afford.	1	1.190	1.19
Totals	276		25

Table Fourteen outlines the anticipated grade profile of the estimated school children based upon data obtained from Avalon Marlborough. It is anticipated that 10 children will attend elementary school, 4 middle school and 11 high school.

Table Fourteen
Enrollment Grade Profile

Grade Profile	%	SAC
Elementary	0.384	10
Middle	0.153	4
High	0.461	11

To account for potential costs, we have an assumed a school class size of 18 students per teacher. With the estimated 25 school children, 1.4 teachers (rounded to 2) may be needed. At an estimated yearly cost of \$105,000 per

teacher, we will account for the costs of 2 teachers' salaries (\$210,000) to reflect potential school related costs.

FISCAL SUMMARY

Table Fifteen summarizes the estimated fiscal impact from the proposed development. Fougere Planning is not suggesting that municipal budgets be increased to offset the noted costs, these findings may be viewed as a guide to potential future costs. Any necessary budget increases will be addressed by City officials as part of the regular annual budget preparation process.

Table Fifteen
Estimated Annual Fiscal Impact

Gross Rev. Property Taxes & Excise Taxes	\$1,061,156
Estimated Municipal Costs	
Police	-\$32,120
Fire	-\$45,360
Other Departments	-\$35,360
School Costs	-\$210,000
Total Costs	-\$322,840
Net Annual Positive Fiscal Impact	+738,316

Summary of Findings

- The proposed development project will result in estimated gross revenues totaling \$1,061,156 and annual anticipated costs totaling \$322,840. Property tax payments will increase by 2,393% over current payments.
- Increased emergency call volume will occur to both the Police and Fire Departments, with total calls increasing less than 1% a year.
- An estimated 25 school age children are anticipated to reside at the proposed project, spread throughout the grade levels.
- Building permit fees are estimated to total \$701,000.
- Limited measurable impacts are foreseen to other City departments.
- The significant net revenues generated by the proposed development initiative will provide the City with numerous opportunity to address ongoing capital needs foreseen in the community.
- Analysis does not take into account intangible economic benefit of creating additional job for the area or the new housing proposed.
- The proposed development project will revitalize an underutilized area of the community.